

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 217674  
ORIGIN AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 INT-05 /106 R

DRAFTED BY AF/C:WLSWING/EXIM:LJHELD  
APPROVED BY AF/C:WLSWING  
EXIM:RSWART (SUBST.)  
EB/IFD/OMA:TPARKER(INFO)  
AF/EPS:CCCUNDIFF(INFO.)

-----119467 260929Z /13

P R 260001Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KINSHASA PRIORITY  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY PARIS

LIMITED OFFICIAL USE STATE 217674

E.O. 11652:GN.A.

TAGS: ECON, EFIN, EMIN, CG

SUBJECT: ZAIRE CENTRAL BANK GOVERNOR'S MEETING WITH EXIM  
OFFICIALS

1. FOLLOWING IS SUMMARY PRINCIPAL POINTS COVERED AT  
BOFOSSA'S MEETING WITH EXIMBANK CHAIRMAN JOHN L. MOORE, JR.,  
AND OTHER SENIOR BANK OFFICIALS ON AUGUST 16. FULL TEXT  
OF MEMORANDUM OF CONVERSATION, JUST RECEIVED, HAS BEEN  
POUCHED.

2. INGA-SHABA HYDROELECTRIC TRANSMISSION LINE. GOVERNOR  
BOFOSSA SAID IT IS IMPORTANT TO THE ZAIRE GOVERNMENT TO  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 217674

SEE THE COMPLETION OF THE LINE BUT THAT THEY ARE FORCED  
TO WAIT UNTIL POLITICAL SECURITY BETWEEN ZAIRE AND ANGOLA  
HAS IMPROVED. CHAIRMAN MOORE ASKED IF THEY WERE HOPEFUL  
OF THE SECURITY ARRANGEMENTS BEING COMPLETED. THE REPLY  
WAS MADE THAT ANGOLA AND ZAIRE HAVE AGREED THAT IN ORDER  
FOR ECONOMIC DEVELOPMENT TO HAPPEN, POLITICAL PEACE MUST  
BE REACHED, AND HAVE EMBARKED ON A SYSTEMATIC PLAN TO

IMPROVE RELATIONS. THE OPENING OF THE BENGUELA RAILROAD WOULD PROVIDE IMMEDIATE BENEFITS TO ZAIRE. THE ALTERNATIVE ROUTES ARE LONG AND NOT VERY ECONOMICAL. ASKED ABOUT THE

FINALIZATION FIGURE FOR THE INGA-SHABA LINE, CHAIRMAN MOORE REPLIED THAT MORRISON-KNUDSEN HAD A PRELIMINARY ESTIMATE AND THAT A REPORT SHOULD BE AVAILABLE BY MID-SEPTEMBER.

3. GECAMINES. CHAIRMAN MOORE ASKED IF THERE WAS ANY INDICATION FROM THE WORLD BANK ON THE GECAMINES EXPANSION PROJECT. GOVERNOR BOFOSSA REPLIED THAT THE WORLD BANK WANTED TO SEE THE RETURN OF THE COMPANY'S FOREIGN TECHNICIANS. ZAIRE IS AWARE THAT THESE TECHNICIANS MUST COME BACK IN ORDER FOR GECAMINES TO RECOVER LOSSES. THERE ARE PLANS FOR THE WORKERS TO RETURN. HOWEVER, ZAIRE WILL BE VERY SELECTIVE AND ONLY RETURN THE BEST AND ESSENTIAL WORKERS REGARDLESS OF THEIR NATIONALITY. THE WORLD BANK PLANS TO SEND AN EVALUATION TEAM TO ZAIRE IN MID-SEPTEMBER. CHAIRMAN MOORE STATED THAT HE ASKED THE QUESTION ABOUT GECAMINES BECAUSE IF THE WORLD BANK WAS NOT GOING TO CONTINUE THE PROJECT, COMPLETION OF THE INGA-SHABA LINE WOULD NOT BE NECESSARY, AND A REQUEST FOR EXIMBANK ASSISTANCE WOULD NOT BE REQUIRED. THE REPLY WAS MADE THAT THE GECAMINES PROJECT INVOLVES AN ELECTRICAL CONCENTRATOR WHICH IS ALREADY 4/5 COMPLETED. IT IS EX-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 217674

PECTED TO BE TOTALLY COMPLETED BY THE END OF 1980. THIS CONCENTRATOR REQUIRES A GREAT DEAL OF ELECTRICAL ENERGY TO FUNCTION, AND IS THE MAJOR POWER-USER INVOLVED IN THE PROJECT. THIS IS WHY EXIMBANK FINANCING OF THE LINE IS SO CRITICAL TO ZAIRE. MR. MWANDA ASKED ABOUT THE \$20 MILLION GECAMINES LOAN REQUEST TO EXIM, NOTING THAT GECAMINES WILL NEED \$380 MILLION IN FINANCING OVER THE NEXT THREE YEARS. MR. NORRIS EXPLAINED THAT THIS LOAN WAS AUTHORIZED BUT NEVER MADE OPERATIVE DUE TO DELINQUENCIES ON THE PART OF ZAIRE. THE CREDIT AUTHORIZATION HAS EXPIRED. IN RESPONSE TO A QUESTION CHAIRMAN MOORE SAID HE BELIEVED THERE WAS NO CHANCE FOR THE REOPENING OF THIS LOAN.

4. SERVICING OF ZAIRE'S DEBT. CHAIRMAN MOORE INQUIRED ABOUT THE POSSIBILITY OF USING THE SURPLUS OF FUNDS IN THE MANUFACTURERS HANOVER SPECIAL PAYMENTS FACILITY ACCOUNT FOR REPAYMENT OF THE ARREARS ON EXIMBANK PARIS CLUB DEBT SERVICE. GOVERNOR BOFOSSA SAID THE ARRANGEMENTS WILL BE MADE TO DO SO. THE QUESTION WAS POSED REGARDING ZAIRE'S PLANS FOR REPAYMENT OF THE REMAINING FUNDS DUE TO EXIM. GOVERNOR BOFOSSA EXPLAINED THAT ZAIRE HAD A PLAN

TO BRING ALL THEIR DEBTS TOGETHER IN THE FOREIGN EXCHANGE BUDGET FOR 1978 AND THAT THE 1979 BUDGET WILL ALSO DEAL WITH OUTSTANDING DEBTS. SPECIFIC PLANS FOR EXIM ARE NOT DISCUSSED IN THIS BUDGET, BUT EFFORTS WILL BE MADE TO MEET

ALL OF ZAIRE'S EXTERNAL OBLIGATIONS.

5. COMMERCIAL BANK LOAN NEGOTIATIONS. GOVERNOR BOFOSSA SAID THAT CITIBANK AND ZAIRE HAD REACHED A STANDSTILL. CITIBANK HAS IMPOSED TWO CONDITIONS UPON ZAIRE BEFORE CONSIDERING A NEW CREDIT. FIRST, ZAIRE MUST COME TO AN AGREEMENT WITH THE IMF AND SECONDLY, ARREARS OF INTEREST AND PRINCIPLE DUE TO ALL LONDON CLUB AND NON-LONDON CLUB COMMERCIAL BANKS, AMOUNTING TO APPROXIMATELY \$185-200 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 217674

MILLION, WOULD HAVE TO BE PAID. ZAIRE IS NOT IN A POSITION TO DO THIS, AND IN ANY CASE WOULD NOT REALIZE ANY NET GAIN. THE GOVERNMENT OF ZAIRE HAS ASKED CITIBANK FOR AN ALTERNATIVE. AN IMF PROGRAM WILL STILL BE A PREREQUISITE. THE GOZ WILL PAY LONDON CLUB INTEREST ARREARS FROM ITS B.I.S. ACCOUNT (GOVERNOR BOFOSSA SAID IN OTHER MEETINGS THAT THOSE ARREARS AMOUNTED TO \$26 MILLION), AND IT IS HOPED THAT A RESCHEDULING OR REFINANCING CAN BE AGREED UPON FOR THE REMAINING BALANCE. CITIBANK IS CONSULTING ITS CONSORTIUM. THERE IS A MISCONCEPTION THAT ZAIRE USES THE FUNDS SAVED THROUGH RESCHEDULINGS BY PUBLIC CREDITORS TO PAY PRIVATE DEBT. BOFOSSA REASSURED EXIM THAT ZAIRE IS VERY SENSITIVE TO THE NEED OF TREATING THE PUBLIC AND PRIVATE LENDERS WITH EQUALITY.

6. MOBUTU PLAN. MR. BIEME, COUNSELOR IN THE OFFICE OF THE PRESIDENCY, STATED THAT THE NEW PLAN WOULD BE CONSIDERED AFTER ALL AID OBLIGATIONS AND COMMITMENTS (INCLUDING THE IMF STABILIZATION FUND) WERE BROUGHT IN LINE. ZAIRE WAS PARTICIPATING IN MEETINGS IN BRUSSELS WITH THE FRIENDLY DONOR COUNTRIES TO REVIEW WHAT THESE COUNTRIES CAN DO FOR THEM. A MEETING IS TO BE HELD IN DECEMBER WITH THE WORLD BANK TO BRING TOGETHER ALL PLANS FOR ZAIRE'S ECONOMIC DEVELOPMENT. AFTER THIS OCCURS, THEN THE NEW MOBUTU PLAN CAN BE MADE OPERATIVE.

7. DECONTROL UPON RECEIPT. ENCRYPTED FOR TRANSMISSION ONLY. CHRISTOPHER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CENTRAL BANK, BANKERS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE217674  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** WLSWING/EXIM:LJHELD  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780349-1060  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780819/aaaaapyq.tel  
**Line Count:** 164  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 262af25a-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN AF  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 27 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1607868  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ZAIRE CENTRAL BANK GOVERNOR'S MEETING WITH EXIM OFFICIALS  
**TAGS:** ECON, EFIN, EMIN, CG, XMB  
**To:** KINSHASA  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/262af25a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014